

# TERMS AND CONDITIONS OF GENERAL CIVIL LIABILITY INSURANCE OF PRIVATE PERSON'S NO. 5202.03

This is an English translation for information purposes only. In case of signing of an insurance contract only the insurance terms in Latvian are binding.



## 1. Terms used in these Terms and Conditions

- 1.1. **Insured person** – a person provided in an insurance agreement, who has an insurable interest, in whose favour the insurance agreement is concluded and whose civil liability is insured in accordance with regulations of this insurance agreement, without a specific note in a policy insured is also a civil liability of the insured person's spouse, minor children, who are not older than 24 years and while they are students of full time educational institution. As insured persons shall be considered also related persons, when they reside in the real property of the insured person, provided in the policy. In this case there is insured a civil liability of related persons for damages, which they might cause to other owners or legal users of a real property, which is on the border of the insured person's real property or which is located in the same apartment building.
- 1.2. **Insurance area** – the area, provided in a policy, where the insurance agreement is in force.
- 1.3. **Liability limit for one insurance case** – maximum payable amount of the insurance indemnity for one insurance case, which is provided in policy.
- 1.4. **Liability limit** – the total maximum payable amount of insurance indemnities within an insurance year.
- 1.5. **Validity period of the Agreement** – a time period for which is concluded the insurance agreement.
- 1.6. **Insurance year** – within the validity term of the agreement stated twelve months long time period, which every year is counted from the start date of the agreement validity term.
- 1.7. **Claim** – written application, submitted to insurer by the third party for compensation for damage.
- 1.8. **Indemnity claim** – written application in the form stated by the insurer, submitted to insurer about received claim or the action brought to the court against insured person.
- 1.9. **Deductible** – amount of money provided in policy or a part of damages expressed as a percentage from the amount of the insurance indemnity, which in each insurance event shall be compensated by the insured person itself and which will not be compensated by the insurer.
- 1.10. **Related person is a person:**
  - 1.10.1. with which the insured person has a common economy, or a person, which has concluded a hire contract with a insured person for a real property owned by the insured person;
  - 1.10.2. which has agreed with an insured person about work execution and/or service providing for the insured person in a real property, owned by the insured person, as well as guests;
  - 1.10.3. other person, if it has a common ownership to a real property with an insured person. If a real property has regulations for use, stated and registered in a Land Registry, then this article is related to those joint holders, whose part of a real property, which is owned and put into service for an insured person, is in a common use with an insured person.
- 1.11. **Third Party** – any person, except persons, which the insured person has a common indivisible economy, insurant and insured person, from which the insured person hires a real property or

is an owner of this property, as well as persons mentioned in article 1.10.3. The tenant's civil liability towards a person, from which he/she hires a real property or its owner, is insured, if it is marked in a policy.

- 1.12. **Professional sport** – sport activities shall be considered as professional, if it is an insured person's permanent activity or one of the sources of income, as well as if the insured person participates in national or international competitions, for example European or the World championship, etc.

## 2. Insurance object

The Insurance object is the insured person's civil liability for damages causes to the third party/ies, during the validity term of the agreement.

## 3. Insured risk

Insured person's action or inaction, due to which there are caused damages to the third party.

## 4. Insurer's liability

- 4.1. According to terms and conditions of this insurance agreement, the insurer shall undertake to compensate to the third party caused losses within the liability limit, provided in a policy, which are related to:
  - 4.1.1. damage or destruction of a corporeal property, owned by the third party;
  - 4.1.2. documentary provable financial damages, caused by the damage or destruction of the third party's property, including diluted earnings;
  - 4.1.3. third party's treatment;
  - 4.1.4. third party's temporary inability to work;
  - 4.1.5. third party's loss of ability to work;
  - 4.1.6. third party's death;
  - 4.1.7. third person's moral prejudice. The compensation for moral prejudice shall be performed in accordance with the existing judgment of the court;
  - 4.1.8. third party's litigation expenses adjudged by a court.
- 4.2. **If it has been endorsed in the policy, the insured person's civil liability is insured:**
  - 4.2.1. as a pedestrian;
  - 4.2.2. as an owner of such vehicles or other self-propelled machinery, which are not to be registered in the procedure stated in the legislation of the Republic of Latvia (for example, a bicycle, rowing boat and boat with an engine up to 3.68kW driver's liability). In the event of the insurance area is an address of a house, the covering is in force also without a marking in a policy;
  - 4.2.3. In accordance with sport activities, except auto sport, moto sport and professional sport;
  - 4.2.4. As a tenant or owner of a land, buildings or facilities located in the territory of the Republic of Latvia, in relation to the third parties;
  - 4.2.5. If damages are caused by a person, for which the insured person is civilly responsible;

- 4.2.6. If damages are caused by a pet, domestic animal, for which the insured person is civilly responsible;
- 4.2.7. As a building work performer, executing the building works in the address provided in the policy, in the event if for execution of these building works is necessary a building permit.
- 4.3. Insurance is valid only in regarding the damages, for which, in accordance with the existing legislation of the Republic of Latvia, is provided a civil liability.
- 4.4. All damages caused as a result of occurrence of one insured risk, compose one insurance event, independently from the time when damages occurred.

## 5. Exceptions

- 5.1. According to this insurance agreement shall not be compensated:
  - 5.1.1. Damages, whose cause is an event before the date, when the insurance agreement entered into force;
  - 5.1.2. Claims for damages for bodily injury, illness or death caused to the insured person;
  - 5.1.3. Damages to the property, which is in insured person's possession, use, held, with which the insured person is working, or which is in his custody or control, or which is taken over by the insured person for rent, taken over for sale, etc., if in policy it is not stated otherwise;
  - 5.1.4. Damages to the third party, which are caused by a force majeure conditions;
  - 5.1.5. Damages, which are caused by an insured person driving a vehicle (or its trailer), which is to be registered in the procedure stated in the legislation of the Republic of Latvia, except bicycles, or damages, which shall be compensated according to the road vehicle owner civil liability compulsory insurance law;
  - 5.1.6. Damages, which are caused by an insured person, driving any water or air vehicle. This exception shall not apply to the covering, specified in article 4.2.2;
  - 5.1.7. Damages, caused by an insured person, executing any economic activity, paid employment, working in any profession or occupying any position in societies, endowments or executing any work for a remuneration;
  - 5.1.8. Damages, caused by provided services or goods, produced or delivered by an insured person or on its behalf, expenses for exposure and elimination of shortcomings for the mentioned goods, profit loss as a result of mentioned shortcomings (product liability);
  - 5.1.9. Damages, caused by an insured person's malice or gross negligence;
  - 5.1.10. Damages, caused by the transmission of infectious diseases;
  - 5.1.11. Damages, caused under the effects of alcohol, drugs or other intoxicating, toxic or psychotropic substances;
  - 5.1.12. Damages, caused due to the malice or gross negligence of the third party itself;
  - 5.1.13. Liability, which is undertaken by the insured person according to the agreement, except the case, when such liability would occur also if the mentioned agreement would not exist, as well as requirements for delayed execution of obligations and a compensation for failure in execution of contractual obligations;
  - 5.1.14. Damages, related to any contractual penalty, interest, legal interest, penalties imposed by state or local instances, unpaid taxes or fees and other payments, whose payment obligation arises from the legal act or judicial deal;

- 5.1.15. Damages, which occurred as a result of contamination or pollution of the environment – air, water or soil;
- 5.1.16. Damages, which occurred in relation with hunting;
- 5.1.17. Damages, caused by ionising radiation or irradiated contamination;
- 5.1.18. Damages, which directly or indirectly caused by usage of asbestos, asbestos products or products, which contain asbestos, including, but not limited to harm to the third party's health or life, in relation with asbestosis or any related illness, including cancer; with damage, destruction or loss of the owned thing, in relation with asbestos or asbestos existence, including additional expenses for asbestos purification or clearing;
- 5.1.19. Damages, which arose from the property or its part, which is in the emergency state. As existing in an emergency state shall be considered such real property or its part, whose physical depreciation exceeds 70% or which has been acknowledged by state or local competent authorities as inappropriate or dangerous for living;
- 5.1.20. Damages, which directly or indirectly caused or arose from war, invasion, action of foreign enemy (with or without declaration of war), sedition, revolution, uprising, civil war, military or usurped power, or confiscation, nationalization, alienation or destruction, or property damage, destruction or loss, which caused by the order of state, public or local authorities;
- 5.1.21. Damages, which directly or indirectly occurred due to terrorism (within the apprehension of the Criminal Law of the Republic of Latvia). Also shall not be compensated any damages or expenses, which directly or indirectly occurred due to any actions for elimination of damages caused or potentially doable by terrorism.
- 5.1.22. losses for moral damage or any other losses related to personal defamation.

## 6. Limits of liability

- 6.1. The insurer's scope of liability for all indemnity payments and expenses, which are payable in connection with all insurance events, must not exceed the amount stated in policy, which is provided as a limit of liability for an insurance year.
- 6.2. For insurance agreement, according to which the insurance indemnity is paid, the limit of liability for insurance year shall be reduced for the amount of a paid insurance indemnity.

## 7. Policy holder's and insured person's obligations

- 7.1. The policy holder's and insured person's obligation is to notify the insurer in written immediately, as soon as its possible, about occurrence of the insured risk or about any event, which might be a potential cause or base for establishing a claim in future towards the insured person for damages, whose compensation is provided in this insurance agreement.
- 7.2. After occurrence of insured risk or after any such event, which might be a potential cause or base for establishing a claim towards the insured person, the insured person shall be obligated to perform all possible and reasonable actions, to eliminate or reduce damages.
- 7.3. The policy holder's and insured person's obligation is to submit immediately, as soon as its possible, to the insurer the Indemnity claim, as well as to provide to the insurer complete and reliable information about possible insurance event and damages, as well as all information and documentation, required by insurer, which allows to judge the essence, type

and volume of caused damages. In the Indemnity claim other insurance companies need to be provided, where are concluded agreements of general civil liability and must attach to it the third party's claim and other documents, received from the third parties.

- 7.4. On the insurer's request the insured person shall be obligated to assign to the insurer written authorisation (with an assignment right) for legalisation, acquisition of necessary documents or their copies and for representation of the insured person's interests.
- 7.5. All received documents, any claim, inquiry notice, summons to arrive to court or participate in legal proceedings, which is related to the insured person's risk occurrence, shall be submitted to the insurer immediately after their reception.
- 7.6. Insured person's obligation is to extent that it is possible to provide the insurer's participation in a determination of a nature, reasons, type and volume of damages.
- 7.7. The insured person and/or its authorised representatives shall not be entitled to directly or indirectly express a readiness fully or partially to admit guilt, give any promises to the third party or perform any payments in connection with the settlement of claim without the insurer's prior written consent.
- 7.8. **The consequences of infringement**
  - 7.8.1. Insurer shall have right no to pay an insurance indemnity if the insured person or policy holder due to bad faith or gross negligence has failed to execute any of the obligations, stated in this insurance agreement;
  - 7.8.2. Insurer shall have right to reduce the insurance indemnity for up to 50%, if the insured person due to ordinary negligence has failed to execute any of the obligations, stated in this insurance agreement.

## **8. Procedure for determination of insurance indemnity and payment procedure**

- 8.1. Insurance indemnity consists of:
  - 8.1.1. Insurance indemnity for the third party's damages;
  - 8.1.2. Insurance indemnity for the insured person's expenses.
- 8.2. Insurance indemnity for the third party's damages:
  - 8.2.1. In connection with the injured third party's treatment: the insurance indemnity is equal with expenses, which are related to the injured third party's delivery, placing, alimentation, diagnostic, treatment and rehabilitation in the institution of treatment and medical rehabilitation, the third person's care, treatments' purchase, therapeutic feeding, treatment at home (including transport expenses for visiting the treatment or medical rehabilitation institution), as well as prosthetics, endo-prosthetics and purchase or rental of technical aids, except expenses which makes the treatment procedure more comfortable, but are not strictly necessary for successful treatment process. Expenses, which are related to the injured third party's treatment outside the territory of the Republic of Latvia, shall be compensated, if the mentioned treatment has been agreed in written with the insurer in advance;
  - 8.2.2. In connection with the third party's temporary inability to work: the amount of insurance indemnity is equal to the third party's foregone income during the time period of inability to work, confirmed by a medical practitioner, which consists of the third party's average earnings, calculated in the procedure stated in the existing legislation of the Republic of Latvia, of which shall be deducted sick pay and sickness benefits granted to the injured third party after the health damage;

- 8.2.3. In connection with the third party's inability to work: the amount of insurance indemnity is equal to the income difference, which is stated from the foregone income, calculated according to the procedure stated in article 8.2.2 of these regulations, deducting the received work income (if applicable) and pensions, granted from the state social insurance budget, or benefits, received from the state or municipality budget;
- 8.2.4. In connection with the injured third party's death: the amount of insurance indemnity is equal to the caused damages the injured third party's dependents, in connection with the injured third party's death, which consists of actually spent and documentary proved, reasonable burial expenses, which occurred to the private person, who has undertaken the burial and has provided the original of the death certificate, as well as submitted documents, which confirm the funeral fact and the perished third party's foregone income part, which behave to the each dependent, when the victim was alive, and from which are deducted the amount of survivor's pension, granted to the dependent.
- 8.2.5. Within the meaning of this regulation the dependents are:
  - 8.2.5.1. Children, also adopted, until their age of majority or while they are students of a full time educational institution, but not longer than up to 24 years of age, or independently of the age, if they become disabled before their age of majority;
  - 8.2.5.2. Brothers, sisters, grandchildren, if they are under the age of majority and they don't have other capable breadwinners or while they are students of a full time educational institution, but not longer than up to 24 years of age, if they don't have capable parents, or independently of the age, if they become disabled before their age of majority;
  - 8.2.5.3. Widow (or widower), who is incapable of work, parents or grandparents, who are incapable of work – until the restore of their capability, as well as widow (widower), who is capable to work, if in the family there are children aged less than eight years or a disabled child;
  - 8.2.5.4. Other family members, who were the third party's dependents, which can be considered as such in accordance with the law "About state pensions".
- 8.2.6. Expenses, which are related to the injured third party's funeral outside the territory of the Republic of Latvia, shall be compensated, if the mentioned funeral has been agreed in written form with the insurer in advance;
- 8.2.7. In connection with the damage or destruction of the tangible matter, owned by the third party: the insurance indemnity shall compensate the expenses, which are necessary to restore the condition of the appropriate tangible matter, owned by the third party, as it was exactly before damage or destruction. If expected restoring costs exceed the actual value of the tangible matter, owned by the third party, exactly before its damage or the restoring of the tangible matter is not technically possible, then the insurance indemnity shall be equal to the difference between the

actual value of the tangible matter, owned by the third party, exactly before and after the damage.

amount of paid insurance indemnities has reached the liability limit for one insurance event, provided in policy. If individual claims are submitted at the same day, the insurer shall compensate for damages, which arise from these claims, proportionally to the extent of caused damages, until the moment, when the amount of paid insurance indemnities has reached the liability limit for one insurance event, provided in policy.

8.3. Insurance indemnity for insured person's expenses:

8.3.1. Insurer shall compensate to the insured person expenses of the legal services (court and out of court) after the reception of a claim, in connection with the examination of claim, claim settlement, if these expenses in the given circumstances were necessary and grounded and the claim is related to the insurance event within the meaning of this insurance agreement. Maximum insurance indemnity for legal services shall be determined in amount of 10% from the liability limit for one insurance event.

8.4. Insurance indemnity for documentary provable financial damages, resulting from the third party's property damage or destruction, including the lost earnings:

8.4.1. Insurer shall compensate to the third parties the reasonable demonstrable expenses, agreed with the insured in written, which are caused due to financial damages, which directly or indirectly are related to the damage or destruction of the third party's property;

8.4.2. As consequent financial damages shall be considered also such financial damages, in connection with partial or full suspension of the economic activity, which are occurred to the third party as a result of damage or destruction of the property. Such damages shall be compensated until the moment, when the third party is able to restore the economic activity in such extent, as it was before the damage or destruction of the property, starting from the 24<sup>th</sup> hour after partial or full suspension of the economic activity, but not exceeding two months. The extent of the insurance indemnity for each day of economic activity suspension shall not exceed the third party's average daily gross profit, which is calculated, dividing the total amount of permanent expenses and net profit for last 12 months with 365 days;

8.4.3. Consequent financial damages shall be compensated only for those third parties, for who the insurer has directly indicated the damage or destruction of the property, and damages for the damage or destruction of the property shall be compensated in accordance with this insurance agreement.

8.5. Insurance indemnity payment terms:

8.5.1. Insurer shall make a decision about insurance indemnity payment or refuse to pay an insurance indemnity not later than within 15 working days after reception of all necessary documents;

8.5.2. Insurer shall pay the insurance indemnity of amount, stated in this insurance agreement, not exceeding the liability limit, provided in insurance agreement, for one insurance event and the total liability limit, before the payment deducting the deductible amount provided in policy. The insurer and insured person may agree in written for other deductible payment procedure;

8.5.3. Insurance indemnity shall be paid to the third party, which has right to receive the compensation for damages or, agreed by parties, shall determine other payment procedure;

8.5.4. If as a result of insurance event damages are caused to several persons and the extent of damages for one insurance event exceeds the liability limit, provided in policy, the insurer shall pay insurance indemnity in the order of submitted claims, if claims are submitted sequentially, additionally to the moment, until the

8.6. Documents, which are required for adoption of the decision with regards to payment of the insurance indemnity or rejection of payment of insurance indemnity:

8.6.1. Indemnity claim;

8.6.2. Third party's claim;

8.6.3. Insured person's detailed explanation about occurrence circumstances of the insured risk;

8.6.4. Documents, confirming the amount and fact of damage occurrence;

8.6.5. Documents from competent authorities, which substantiates the occurrence of the insured risk;

8.6.6. Other documents, requested by insurer, which are related to occurrence of the insured risk and/or its caused consequences.